



## U.S.-PANAMA TRADE PROMOTION AGREEMENT Pennsylvania Farmers Will Benefit

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The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Pennsylvania's agricultural products, including dairy, beef, mushrooms, and poultry. Pennsylvania's agricultural exports to all countries, estimated at \$1.4 billion in 2010, supporting roughly 11, 800 jobs, on and off the farm. These export sales make an important contribution to the Pennsylvania farm economy, which had total cash receipts of \$5.7 billion in 2010.

### Dairy Products

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs), totaling 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 30-percent tariff on dried whey products. The tariffs on most other dairy products, which are currently as high as 140 percent, will be phased out over 15 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paperwork and without having each facility and shipment inspected by Panamanian authorities.

### Poultry and Eggs

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically deboned chicken, within 5 years for wings, and within 10 years for other chicken cuts except leg quarters.
- For chicken leg quarters, Panama will provide immediate duty-free access within a preferential TRQ that starts at 660 metric tons and grows 10 percent annually. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's WTO commitments.
- Panama will immediately eliminate its 15-percent duties on turkey meat for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

### Corn

- Panama will provide immediate duty-free access for corn with a 298,700-ton TRQ that will grow 3 percent annually. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately. For refined corn oil, Panama will provide immediate duty-free access within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff on refined corn oil will be phased out within 10 years.

### Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

### Mushrooms

- Panama will eliminate its 15-percent tariff on fresh mushrooms upon implementation of the Panama TPA. Canned Mushrooms that currently receive duty-free treatment will continue duty-free.

<b>Pennsylvania</b>		
<b>Principal Agricultural Products and Exports, 2010</b>		
<b>Product</b>	<b>Cash Receipts</b> (2010 calendar year)	<b>Exports</b> (2010 fiscal year)
<b>Total</b>	<b>\$5.7 billion</b>	<b>\$1.4 billion</b>
Dairy Products	\$2.0 billion	\$122 million
Poultry and Egg Products	\$908 million	\$163 million
Feed Grains	\$479 million	\$108 million
Cattle and Beef	\$463 million	\$33 million
Mushrooms	\$439 million	\$19 million
	Source: USDA-NASS	Source: USDA-ERS

*For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*